

Message Text

LIMITED OFFICIAL USE

PAGE 01 LISBON 02802 071431Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 DODE-00
DOTE-00 INR-07 NSAE-00 FAA-00 L-03 H-01 OPIC-03
TRSE-00 OMB-01 LAB-04 SIL-01 /043 W
-----080247Z 102089 /73

R 071212Z APR 77

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 0879

INFO AMCONSUL OPORTO

USDOC WASHDC

LIMITED OFFICIAL USE LISBON 2802

E.O. 11652: N/A

TAGS: EINV, PO

SUBJ: SUMMARY OF AMERICAN INVESTMENT PROBLEMS

REF: (A) LISBON 2558, (B) LISBON 2322, (C) LISBON 2262,
(D) LISBON 1694

1. APPLIED MAGNETICS (AM). REF A. ON APRIL 6 HAROLD BAILEY OF AM AND EMBASSY OFFICERS MET SIMULTANEOUSLY WITH FINANCE MINISTER MEDINA CARREIRA AND LABOR MINISTER MALDONADO GONELHA. BAILEY RETRACED EVENTS WHICH LED TO CURRENT SITUATION AND EMPHASIZED DESIRE ACHIEVE AMICABLE SETTLEMENT. HE SPECIFICALLY ASKED THAT TAX REBATES PAYABLE TO THE COMPANY BE USED TO HELP FINANCE AM DEBT TO ESPIRITO SANTO BANK, LEAVING OTHER DEBTS TO BE SETTLED IN A SUBSEQUENT STAGE FROM PROCEEDS OF MACHINERY SALE. MINISTER NOTED THAT THEY DID NOT KNOW EXACT LEGAL STATUS OF COMPANY AND ITS MACHINERY. OWNER OF BUILDING WHERE FACTORY HAD BEEN LOCATED HAS APPEALED TO COURTS FOR PAYMENT OF RENTS. COURT HAS ORDERED MACHINERY SOLD. (BAILEY SUBSEQUENTLY LEARNED THAT COMPANY SELECTED TO ARRANGE SALE PLANS TO AUCTION THE MACHINERY ON TUESDAY, APRIL 12.) SINCE COURT NOW HAS JURISDICTION OVER
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LISBON 02802 071431Z

CASE, MINISTERS SAID THEY COULD NOT INTERVENE DIRECTLY. THEY ADVISED BAILEY TO APPOINT LOCAL LEGAL REPRESENTATIVE WHO COULD DETERMINE COMPANY'S EXACT LEGAL STATUS AS WELL AS RESOLVE COMPANY'S DEBTS AND TAX REBATE. MINISTERS NOTED THAT THEY COULD NOT OBLIGE BANK TO ACCEPT GOVERNMENT-DETERMINED PAYMENT PROCEDURE OF ITS DEBT, BUT PROMISED TO USE THEIR GOOD OFFICES TO FIND A SATISFACTORY SOLUTION.

THEY STRESSED THAT THEY WOULD ACT PROMPTLY AND WOULD ENFORCE THE LAW VIGOROUSLY. BAILEY ASKED IF THAT MEANT COMPANY COULD, UNLIKE IN 1975, FINALLY TERMINATE COMPANY'S LEGAL STATUS IN PORTUGAL BY DECLARING BANKRUPTCY. MINISTERS AGAIN INSISTED THAT COMPANY NEED ONLY FOLLOW ESTABLISHED LEGAL REQUIREMENTS. THEY GUARANTEED THAT THE LAW WOULD BE FOLLOWED. MEETING ENDED ON HIGHLY CORDIAL TONE.

2. ITT: REF A. LUKE SCHEDULED TO MEET WITH MINISTER OF INDUSTRY APRIL 7. EMBASSY WILL REPORT DEVELOPMENTS.

3. GENERAL INSTRUMENTS LUSITANA (GIL). REF B. THE GIL BOARD OF DIRECTORS IN NEW YORK REPORTEDLY HAS ACCEPTED, IN PRINCIPLE, THE MEMORANDUM OF UNDERSTANDING SIGNED BETWEEN ITS VICE PRESIDENT AND GOP OFFICIALS IN EARLY MARCH. GIL VICE PRESIDENT SHUH WILL RETURN TO LISBON ON APRIL 12 TO NEGOTIATE THE DETAILS OF A FINAL AGREEMENT. APPARENTLY GIL, ALTHOUGH STILL HOPING TO DISMISS APPROXIMATELY 250 WORKERS, IS DISPOSED TO INSTALL A NEW LINE OF PRODUCTION.

4. TWA. REF C. TRANS WORLD AIRLINE (TWA) HAS APPLIED FOR PERMISSION TO INITIATE OPERATIONS AT LAJES AIRPORT DURING THIS COMING SUMMER. THE DIRECTOR OF CIVIL AVIATION HAS NOT RESPONDED. THE MINISTRY OF FOREIGN AFFAIRS REPORTS THAT THE ISSUE IS STALLED IN THE OFFICE OF THE MINISTER OF TRANSPORTATION AND COMMUNICATIONS RUI VILAR. MINISTER VILAR ALLEGEDLY DOES NOT OBJECT TO TWA OPERATIONS IN LAJES, BUT BELIEVES THAT CURRENT CIVIL AVIATION ARRANGE-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LISBON 02802 071431Z

MENTS DISCRIMINATE AGAINST THE PORTUGUESE NATIONAL AIRLINE. AMBASSADOR CALLED FOREIGN MINISTER MEDEIROS FERREIRA'S OFFICE FOR APPOINTMENT TO DISCUSS THIS ISSUE. WHEN MINISTER FAILED TO RESPOND TO THIS REQUEST, AMBASSADOR RAISED TWA PROBLEM WITH PRIME MINISTER SOARES. LATTER PROMISED TO LOOK INTO ISSUE QUICKLY IN ORDER ACHIEVE SOLUTION. AMBASSADOR HAS PHONED MINISTER VILAR'S OFFICE FOR APPOINTMENT. FONMIN HAS NOW SET APPT. FOR APR. 12.

5. WORKERS COMMISSION CREDENTIALS. REF D. MINISTRY OF LABOR ON MARCH 30 EXTENDED VALIDITY OF WORKER COMMISSION CREDENTIALS CURRENTLY IN FORCE. WORKERS COMMISSIONS CAN THUS CONTINUE TO MANAGE FIRMS OVER WHICH THEY HAVE CONTROL. THIS DECISION COULD AFFECT SUCH COMPANIES AS MUELLER-MONTAGEM, CONFECQUES LUSAS (CONLUS), A.H. LUNDBERG, CUETANA BOLACHAS DE PORTUGAL AND LATRIQUE. CARLUCCI

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, BUSINESS FIRMS, FOREIGN INVESTMENTS, INVESTMENT OPPORTUNITIES
Control Number: n/a
Copy: SINGLE
Sent Date: 07-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LISBON02802
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770122-0588
Format: TEL
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770478/aaaacqcg.tel
Line Count: 114
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 17c8c9a8-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 LISBON 2558, 77 LISBON 2322, 77 LISBON 2262, 77 LISBON 1694
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2870042
Secure: OPEN
Status: NATIVE
Subject: SUMMARY OF AMERICAN INVESTMENT PROBLEMS
TAGS: EINV, PO, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/17c8c9a8-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009